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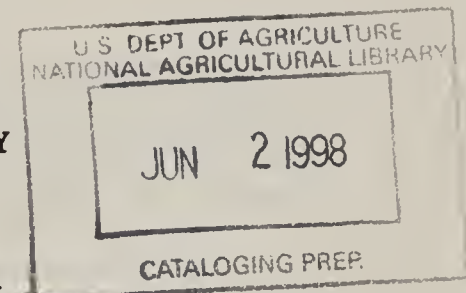


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UNITED STATES DEPARTMENT OF AGRICULTURE
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WORLD FOOD NEEDS AND WORLD FOOD POLICY

Address by John A. Schnittker
Director, Agricultural Economics
at the 42nd Annual Agricultural Outlook Conference
Washington, D.C., 2:00 P.M., Monday, November 16, 1964



Hunger remains one of the major problems facing the world today. The outcome of the race between population and food supplies hangs in the balance---depending on the skill and the will with which all of us run the race. It is essential, therefore, that we know how far we have gone in assessing the world's food problem, and to address ourselves to the question of reducing the world's food deficit. In the cause of peace, and for the good of mankind, it can be reduced or eliminated if we will make the effort.

The Department of Agriculture published its first world food budget in late 1961. 1/ It gave us an idea of the magnitude of the world's total food deficit; and it showed each deficit region's approximate share of the shortage.

Last fall, we published Man, Land and Food, 2/ which emphasized that world population growth--especially in less-developed regions---was canceling most of the gains in food production. It showed that further gains in food production would have to come, not so much from new lands, but largely from raising the productivity of land already in use. The report showed that North America has the world's largest food potential for the future.

Two reports published recently also stress the problem of world food supplies. In its recent annual report, the Food and Agriculture Organization of the United Nations notes that the world produced less food per person in 1963-64 than in 1962-63. 3/ According to preliminary indication it may be down still further this year with declines

1/ Foreign Regional Analysis Division, Economic Research Service, The World Food Budget, 1962-1966. U.S. Dept. Agr., For. Agr. Econ. Rpt. 4, Oct. 1961.

2/ Brown, Lester R. Man, Land and Food, Looking Ahead at World Food Needs. U.S. Dept. Agr., For. Agr. Econ. Rpt. 11, Nov. 1963.

3/ Sen, B. R., Director General of FAO. The State of Food and Agriculture. The Food and Agriculture Organization of the United Nations, Oct. 1964.

continue in Asia and Latin America. Also late last summer, Dr. Raymond Ewell of the State University of New York at Buffalo argued that the underdeveloped world is on the threshold of the biggest famine in history.

A major report issued by the Department of Agriculture in October may help to put the situation into better perspective. ^{4/} True, as Dr. Ewell said, the world faces a serious problem. But we view the problem less pessimistically. Assuming economic and political stability and an accelerated rate of economic growth in the developing countries, modest per capita gains in food supplies can be achieved.

The World Food Budget, 1970, using these assumptions, projects*

-- An improvement of about 10 percent in per capita consumption in food deficit regions during the 1960-70 decade --mostly because of greater imports.

-- Food production within these areas accounting for only about one-third of the increase in consumption. In other words, production per capita will gain by about 1/3 of 1 percent a year.

-- The rest of the increase coming from food imports. These will rise from \$3.2 billion worth of food in 1959-61, to about \$4.6 billion in 1970. The United States is expected to provide close to half of this amount, most of it under the Food For Peace program.

Thus, we can see some possible improvement by 1970. But this does not mean that the food problem will be close to solution in 1970. Nor does it mean that improvements in diets can be expected in all food-deficit areas.

The improvement in many cases will be from dismally insufficient to less insufficient levels, rather than from barely adequate to adequate levels. In India, for example, daily calorie intake per capita in 1959-61 was about 2,000. Ours was nearly 3,200.

Nevertheless, a net improvement, overall, is projected.

But there will still be a very burdensome nutritional gap in the diet-deficit area in 1970---a gap between the food that will likely be available and the extra food it would take to bring diets up to an

^{4/} Foreign Regional Analysis Division, Economic Research Service. The World Food Budget, 1970. U.S. Dept. Agr., For. Agr. Econ. Rpt. 19, Oct. 1964.

adequate level. The reference standards used in judging adequacy fall far short of what we would consider acceptable for developed countries. The minimum for animal protein, for instance, is scarcely one-tenth of our current consumption levels. The standards also fall short of what the people of developing countries might think acceptable, as their own expectations and aspirations keep rising.

How big a food gap are we talking about here? It's a gap that would take \$6.8 billion worth of food to fill in 1970.

In considering this overall nutritional deficit, however, we need to remember that 62 percent of it is in Communist Asia. The food gap in the Free World amounts to \$2.5 billion. This is in addition to the projected increase in commercial imports and imports under the Food For Peace program. Suppose you want to order enough food to end such a deficit? First, you requisition that share of the U.S. wheat crop now reserved for domestic use--we've exported an average of almost two-thirds of our last two wheat crops. Then, you take half of all the milk produced last year in the United States--or 5.5 billion pounds of nonfat dry milk. Third, throw in one-fourth of this year's soybean crop--3.2 million tons of soybean protein concentrate. Finally, top off the order with one-third of U.S. production of vegetable oil for a year--3.3 billion pounds.

The size of this order is not beyond the scope of the imagination for developed countries to consider in ensuring everyone in the Free World a minimum, adequate diet. But it is a large order.

If my talk so far is reassuring, I hope it does not give comfort to complacency. The food problem remains acute. Consider for a moment the uphill battle facing most countries where diets are inadequate. Their populations are growing twice as fast as those in developed countries. Their food production gains, however, barely match those of developed countries--even though they are desperately trying to produce more food while we have too much.

Roadblocks in the way of these food-deficit countries in their drive to get more food are truly frustrating. Yet, some people say, "We did it, why can't they?" Remember, during our period of most rapid population growth, all we had to do was open up new land--arable land--for the newcomers. Most countries now in that stage of growth have no such easy alternative.

Instead, they have to get more food out of the land they are already working. And, as we experienced in our own development, that takes capital (which they are woefully short of), an educated food producer (their farm workers generally are illiterate), and the price incentive to produce (can there be much drive in an under-nourished farmer who has little hope of reward?).

Yet, for any substantial long-run betterment in diets, the underdeveloped countries are going to have to do the job themselves.

We cannot wash our hands of the problem, however, by recognizing that its resolution is largely in other hands. Arnold Toynbee, the British historian, was perhaps a little too dramatic when he said, "It is certain that if I, the affluent minority, refuse to be my brother's keeper, I shall sooner or later become this hungry majority's victim." But he had a point.

The food problem is an opportunity for us to do something that needs doing, because it is a sensible thing to do. It reflects a rare combination of humanitarian response and business acumen. Shall we show contempt--or compassion--for people seeking the kind of freedom we enjoy? Shall we neglect--or cultivate--our future prospects for vital growth in trade? The sensible answers are obvious.

Concerning trade growth--and Ray Ioanes ^{5/} will have a lot more to say about it --U.S. farm product exports in 1970 are projected in the World Food Budget to be around \$7 billion. That compares with last year's record \$6 billion. But this projected increase--as well as the projected slight improvement in diets in food-deficit areas--was based upon the assumption that Food For Peace aid would continue about at current levels. Knock out food aid, and you imperil deficit-area progress and endanger U.S. trade growth.

I prefer a positive approach to food aid. What positive good does it do, other than help us with our own problems of overproduction?

Clearly, it helps relieve hunger. That is the first and most obvious requirement in development. A hungry nation is not a progressive nation.

But in addition to providing much-needed food, aid does other things. Passive people can get by on a low-quality diet, but active people need a high-quality diet. And, to be viable, a country must be well stocked with human energy--gained from sufficient food. More and higher quality food is needed for people building the new factories, roads, dams, and schools that are tools of advancement.

We know, too, that a direct relationship exists between food supply and learning ability, especially in young children. Very young children, if deprived of certain essential growth elements, may never develop fully. For today's hungry children to become responsible adults, it is essential that enough food of the right kind be made available.

^{5/} Administrator, Foreign Agricultural Service, U.S. Department of Agriculture.

Food aid also helps hold down inflation. As a country develops and more people get new jobs or better jobs, the people immediately try to eat better. This rising demand, if food supplies are scarce, leads directly to inflated prices. If inflation gets serious, wages do not buy enough, and many benefits of economic growth are undone. We see this in many developing countries where consumer supplies, including food, fail to keep up with economic development. When food prices get too high because of scarce supplies, the only permanent remedy is to increase the supply--through more local production, or more imports, or both.

Food obtained from outside a country, such as that under Title I of Public Law 480, helps it raise local development funds this way: The receiving country sells the food to its own people and uses the money to pay the United States. In turn, we usually make available much of this foreign currency to the country for its own use in financing economic development. Throughout the 10 years of the P.L. 480 program, \$7.6 billion of foreign currencies have been made available through development grants or loans.

Finally, food aid permits countries to save foreign exchange needed for the import of industrial goods. Developing countries hardly ever have enough things to sell in the world market and nearly always have low foreign exchange earnings. When they use their limited convertible exchange, such as gold or dollars, to pay for food imports, they lose much of their ability to pay for imports of the essential "hardware" of development--factory equipment, trucks, locomotives. When the exchange buys food and that food is eaten, there will be less hunger, but there will not be much economic development. But when the food is obtained through special arrangements that do not drain foreign exchange, another forward step is taken in the development process.

Food aid also raises problems which cannot be overlooked at home or abroad. What should it consist of? Does it slow development in recipient countries? How can it be financed?

We in the developed countries have the resources to help the rest of the world get on its feet. We have the technical knowledge to show it how to make its own progress. We have a golden opportunity to support, speed, and ensure progress in developing countries--and in prosperous Free World nations.

This can be an investment that pays liberal dividends in terms of Free World trade and Free World cohesion and security.

We cannot afford to forget that today's prosperous countries provide our best markets for farm products. But the more we help the developing nations to become prosperous, the greater our chances to sell more of our products to them in the future--not under special

terms, but for cash. In the future, if we are to sell to the world what our farms are capable of producing, we must look increasingly to this great underdeveloped market.

I have spoken of improved trade under improved world economic conditions, brought about through constructive use of food and technology. But even more important than trade is the matter of Free World cohesion and strength. History for the next hundred years will be sharply affected, if not determined, by how the emerging nations develop. We have an opportunity now to influence that development---for their good and ours.

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